

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2007-338-E - ORDER NO. 2009-557  
AUGUST 12, 2009

IN RE: Application of Duke Energy Carolinas, LLC,	)	ORDER APPROVING
for Authorization Under Article 13, Chapter	)	APPLICATION TO
27 of Title 58 of the Code of Laws of South	)	AMEND EXISTING
Carolina, (1976, As Amended), to Issue and	)	ORDER TO ADD
Sell Securities	)	AUTHORITY FOR
	)	CAPITAL LEASE
	)	OBLIGATIONS AND
	)	INTEREST RATE
	)	MANAGEMENT
	)	AGREEMENTS

This matter is before the Public Service Commission of South Carolina (“Commission”) on the Application of Duke Energy Carolinas, LLC (“Applicant” or “the Company”) filed July 15, 2009, requesting an amendment (the “Amendment Request”) to Commission Order No. 2008-755 (November 6, 2008) in this docket (the “Existing Order”). The Office of Regulatory Staff has indicated that it has no objection to the request. In the Existing Order, the Commission granted Applicant the authority to issue from time to time a maximum of \$2,000,000,000 aggregate principal amount of a defined list of “Proposed Securities.”

As reported in Applicant’s Report of Issue and Sale of Securities in this docket filed April 1, 2009, the remaining balance of authorized securities in this docket is \$1,100,000,000. In the Amendment Request, Applicant requests authority to (i) undertake obligations in respect of capital leases in order to support Applicant’s construction program, in an amount up to the remaining amount of securities authorized

in this docket, and (ii) enter into interest rate management agreements in order to effectively manage the interest costs it incurs in connection with its financial obligations. Specifically, Applicant requests an order from the Commission in this docket to amend the definition of “Proposed Securities” under Findings of Fact 1 in the Existing Order by adding two new paragraphs numbered 1(iii) and 1(iv) as follows:

“(iii) Capital Lease Obligations

The Company proposes to enter into Capital Leases as a means to finance its acquisition of property as part of its construction program or to refinance existing financing structures, all as further described in the Application for Amended Order dated July 15, 2009.

(iv) Interest Rate Management Agreements

The Company requests authority to enter into Interest Rate Management Agreements in order to manage its interest rate costs, as further described in the Application for Amended Order dated July 15, 2009.”

Finally, in regard to the Existing Order, the Applicant proposes to modify the reporting requirements to include information on executed Interest Rate Management Agreements (with market sensitive data filed under seal as necessary) and requests that a new ordering paragraph be added as follows:

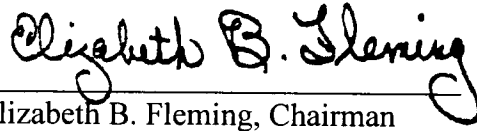
“H. In regard to executed Interest Rate Management Agreements, unless the income statement impact of Interest Rate Management Agreements is presented in the Company’s Form 10-K and Form 10-Q reports, copies of related internal reports to the Company’s Senior Management should be filed with the Commission within thirty (30) days or on a schedule that is consistent with such internal reporting.”

We find that the undertaking of obligations in respect of capital leases and interest rate management agreements in the manner set forth in the Amendment Request is

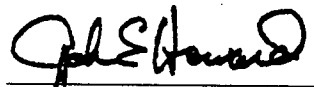
consistent with the findings and conclusions in the Commission's original order in this Docket. It is therefore ordered that the definition of "Proposed Securities" in the Findings of Fact of Commission's Order Number 2008-755 in this docket is amended by adding two new paragraphs 1(iii) and 1(iv) and that a new ordering paragraph is added to such Order as set forth above.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
Elizabeth B. Fleming, Chairman

ATTEST:

  
John E. Howard, Vice Chairman  
(SEAL)